

FISCAL NOTE

SB 27

January 19, 2005

SUMMARY OF BILL: Allows any county local education agency to convert to a special school district.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Shift in local government revenues and expenditures from a county government to the special school district - Exceeds \$100,000/Permissive.

In addition, any new special school district would likely have a lower bond rating than for other local governments, resulting in higher interest rates and increased costs to the district in an amount that cannot reasonably be quantified.

Assumptions:

- A county school system that becomes a special school district would be totally separate from the county. The county would no longer issue debt for the school district and the district would set its own tax rate with the approval of the General Assembly. The school system would not be required to share proceeds with any incorporated areas. There would be an increase in revenues and expenditures for the LEA (special school district) and a decrease in revenues and expenditures for any affected county governments.
- Any school debt currently on the county's books would follow the newly created special school district. It is unclear as to whether the county would be relieved of its obligation to provide a school system.
- Costs could be incurred for attorney's fees associated with the preparation of the official documents if a special school district is created. This cost would be dependent on whether the school system utilizes its own attorney or must seek outside legal assistance.
- The school system would no longer be included in the county's audit report and would require a separate audit. This cost is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director